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Title:

Press release - Increase in Housing Loans

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PRESS RELEASE: 9th JUNE, 1970.

FROM: PREMIER (MR. DUNSTAN)

SUBJECT: INCREASE IN HOUSING LOANS

The Premier, Mr. Dunstan, said today he had authorised the State Bank to increase its maximum loan for new houses from \$8,000 to \$9,000, and for established houses from \$7,000 to \$8,000.

Mr. Dunstan said that four borrowers out of five found it necessary with the present maximum loans to resort to borrowing upon second mortgage, usually at much higher rates.

"The further \$1,000 available from the State Bank upon first mortgage will, for those borrowers who in any case need the extra funds, entirely offset the increase in first mortgage interest rates which results from the recent rise in interest costs on Government borrowing," he said.

"Not only will the higher interest costs be offset, but because the first mortgage money will be available for up to 40 years while the second mortgage money is seldom available for more than 15 years, the actual periodical payments of combined interest and principal will be lower than at present.

"The increase in amount of maximum loan will be available to borrowers who after today receive approvals for loans at the new interest rates."

Mr. Dunstan said that although the cost of housing money to the Government had increased by 1 p.c. he had been able to arrange that the increase to home owners through the State Bank would be only .75 p.c.

This had been achieved by arranging that the margins for Treasury costs and for the Bank's expenses should each be reduced by .125 p.c.

He hoped that comparable arrangements could be made with building societies which receive a quota of Government money for lending.

"From some recent Press statements there appears to be a misconception that some other States have provided more money for housing than S.A.," Mr. Dunstan said.

"In fact during the three years of Labor Government in this State from 1965 to 1968 S.A. allocated to housing, under the Commonwealth - State Housing Agreement an average of \$20,940,000 a year, which was \$18.90 per head.

"This was more than twice the \$9.40 per head allocated on average in the other five States.

"For 1969-70 the provisions were rather lower in S.A. at \$18.50 a head and 85 p.c. more than the other States."

Mr. Dunstan said even more spectacular was the proportionate provision under the Agreement used for lending to home purchasers.

"During the 1965-68 period this averaged \$10,820,000 a year, or \$9.80 a year which was 3.5 times the provision of \$2.80 a head in the other States.

"For 1969-70 the figure was \$10 a head in S.A. or 3.33 times the \$3 a head in other States."

Mr. Dunstan said he was taking to Canberra proposals for the Loan Council which he was sure would fully restore the relativity of South Australian housing provisions to those of other States to at least that which prevailed when Labor held office from 1965 to 1968.

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